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**FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2025

**WISCONSIN WETLANDS ASSOCIATION, INC.
(A Wisconsin Nonprofit Corporation)**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Wisconsin Wetlands Association, Inc.
Madison, Wisconsin

Opinion

We have audited the financial statements of Wisconsin Wetlands Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Wisconsin Wetlands Association, Inc. as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wisconsin Wetlands Association, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wisconsin Wetlands Association, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wisconsin Wetlands Association, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wisconsin Wetlands Association, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Johnson Block & Company, Inc.

Johnson Block & Company, Inc.
January 23, 2026

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

STATEMENT OF FINANCIAL POSITION
June 30, 2025

ASSETS

Current Assets

Cash	\$ 81,088
Certificates of Deposit	662,514
Governmental Agency Contract Receivables	88,784
Prepaid Expenses	<u>6,732</u>
Total Current Assets	<u>839,118</u>

Other Assets

Property and Equipment:	
Equipment	37,546
Less: Accumulated Depreciation	<u>(15,947)</u>
Net Property and Equipment	<u>21,599</u>
Operating Lease Right-of-Use Asset	<u>154,496</u>
Total Other Assets	<u>176,095</u>

TOTAL ASSETS \$ 1,015,213

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$ 7,465
Payroll Liabilities	15,165
Current Portion of Operating Lease Liability	33,314
Deferred Revenue	<u>4,275</u>
Total Current Liabilities	<u>60,219</u>

Long-Term Liabilities

Operating Lease Liability	<u>133,142</u>
Total Long-Term Liabilities	<u>133,142</u>

Net Assets

Net Assets with Donor Restrictions	32,400
Net Assets without Donor Restrictions:	
Board Designated	13,849
Undesignated	<u>775,603</u>
Total Net Assets	<u>821,852</u>

TOTAL LIABILITIES AND NET ASSETS \$ 1,015,213

The accompanying notes are an integral part of the financial statements.

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

NET ASSETS WITHOUT DONOR RESTRICTIONS:

REVENUES AND SUPPORT

Contributions	
Foundations	\$ 62,500
Special event sponsorships	77,750
Other contributions	361,262
Program Services	
Governmental agency contract revenue	254,679
Special events and promotions	78,922
Interest and dividends income	18,450
Miscellaneous	2,531
Net assets released from restrictions	<u>659,254</u>
 Total revenues and support	 <u>1,515,348</u>

EXPENSES

Program services	
Program development	180,594
Outreach	355,246
Advocacy	<u>300,713</u>
Total program services	836,553
 Management and general	 95,420
Fundraising	<u>109,374</u>
 Total expenses	 <u>1,041,347</u>

Increase (Decrease) in net assets without donor restrictions 474,001

NET ASSETS WITH DONOR RESTRICTIONS:

Net assets released from restrictions	<u>(659,254)</u>
Increase (Decrease) in net assets with donor restrictions	<u>(659,254)</u>
Change in Net Assets	(185,253)
Net Assets - Beginning of Year	<u>1,007,105</u>
Net Assets - End of Year	<u>\$ 821,852</u>

The accompanying notes are an integral part of the financial statements.

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

Statement of Functional Expenses
For the Year Ended June 30, 2025

	Program Services						
	Program Development	Outreach	Advocacy	Total	Management and General	Fundraising	Total
Personnel	\$ 121,681	\$ 200,297	\$ 262,199	\$ 584,177	\$ 46,088	\$ 56,222	\$ 686,487
Professional Services	41,665	27,474	-	69,139	38,497	15,000	122,636
Travel and Meetings	3,599	8,905	7,063	19,567	460	220	20,247
Leases	6,976	11,422	14,765	33,163	6,118	3,142	42,423
Insurance	1,221	1,988	2,605	5,814	499	559	6,872
Books and Subscriptions	-	800	2,380	3,180	130	138	3,448
Printing and Copying	435	13,828	921	15,184	187	10,058	25,429
Service Fees	445	8,492	943	9,880	833	741	11,454
Postage and Shipping	-	6,123	-	6,123	73	6,672	12,868
Communication Services	1,773	2,783	3,238	7,794	839	689	9,322
Event Expenses	-	63,605	-	63,605	17	209	63,831
Supplies	1,176	2,246	1,153	4,575	330	661	5,566
Information Technology	473	1,262	1,001	2,736	204	12,691	15,631
Staff Development	293	479	619	1,391	126	132	1,649
Other	857	5,542	3,826	10,225	1,019	2,240	13,484
	\$ 180,594	\$ 355,246	\$ 300,713	\$ 836,553	\$ 95,420	\$ 109,374	\$ 1,041,347

The accompanying notes are an integral part of the financial statements.

WISCONSIN WETLANDS ASSOCIATION, INC.
Madison, Wisconsin

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2025

Cash Flows from Operating Activities

Change in net assets	\$ (185,253)
Adjustment to reconcile the change in net assets to net cash provided by operating activities:	
Depreciation	4,347
Amortization of operating lease right-of-use assets greater (less) than operating lease cash flows	(59)
Interest earned on certificates of deposit for operating activities	(18,115)
Changes in operating assets and liabilities:	
Governmental agency contract receivables	785
Promises to give	513,000
Prepaid expenses	4,717
Accounts payable and accrued expenses	(7,126)
Deferred revenues	4,275
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Net cash provided (used) by operating activities	316,571
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<u>Cash Flows from Investing Activities</u>	
Purchases of certificates of deposit	(644,399)
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Net cash provided (used) by investing activities	(644,399)
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Net (decrease) increase in cash	(327,828)
Cash - beginning of year	408,916
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Cash - end of year	\$ 81,088
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The accompanying notes are an integral part of the financial statements.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. Summary of Significant Accounting Policies

A. Nature of Organization

Wisconsin Wetlands Association, Inc. (“Association”) is dedicated to protecting, restoring, and enjoying wetlands and associated ecosystems through science-based education, advocacy, and action. The Association is funded primarily by foundation and government grants, and by contributions from the general public.

B. Basis of Accounting

The Association’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Financial Statement Presentation

The financial statements are presented in accordance with professional standards, which require the Association to report information regarding financial position and activities according to two classes of net assets:

Net Assets without Donor Restrictions – Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Net Assets with Donor Restrictions – Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions.

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

E. Income Taxes

The Association is a nonprofit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, and Wisconsin franchise and income tax.

The Association has adopted the accounting guidance for recognizing and measuring uncertain tax positions. The Association follows the statutory requirements for their income tax accounting and generally avoids risks associated with potentially problematic tax positions that may be challenged upon examination. Management believes any liability resulting from taxing authorities imposing additional income taxes from activities deemed to be unrelated to the Association’s tax-exempt status would not have a material effect on the accompanying financial statements.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

E. Income Taxes (Continued)

The Association's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Association is no longer subject to such examinations for years before 2021.

F. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Association considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

G. Accounts Receivable and Allowance for Credit Allowances

The Association considers all receivables to be fully collectible. Management believes that the historical loss information it has compiled is a reasonable basis on which to determine expected credit losses for accounts receivable held at June 30, 2025 because the composition of the accounts receivable at that date are consistent with that used in the developing the historical credit loss data (i.e., similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. Accordingly, any allowance for credit losses has been considered immaterial to the financial statements. If amounts become uncollectible, they will be charged to operations when that determination is made.

H. Property and Equipment

Property and equipment purchases that are greater than \$2,500 are capitalized at cost and depreciated over their useful lives using the straight-line method. Depreciation expense was \$4,347 for the year ended June 30, 2025.

I. Contributions

The Association recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give (that is, those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend have been met. Conditional promises to give that have been received in advance of conditions being met are recorded as deferred program revenues.

Contributions recognized are recorded as increases in net assets with donor restrictions or net assets without donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

I. Contributions (Continued)

Revenue from contributions is recognized when received or when an unconditional pledge is received. Contributions received after year end, which are postmarked before year end, are recorded as a receivable and revenue in the year postmarked.

J. Promise to Give

The Association initially records unconditional promises to give and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset, if such difference in valuation is material. There is no allowance for uncollectable promises to give because collectability is one of many factors considered in determining fair value. As of June 30, 2025, the Association had no unconditional promises to give.

K. Revenue Recognition

Some of the Association's programs are funded by contracts with various governmental agencies and municipalities. Revenue from government contracts is based upon the actual costs of providing services and is recognized at a point in time when the related services are provided. The Association's contracts and resulting revenue are directly impacted by the demand for the Association's wetlands management and other program services. Contracts contain consideration terms based on known contract fees for the different type of services to be provided by the Association for the governmental agencies and municipalities.

The Association recognizes registration fees for fundraising events and the sale of merchandise (i.e., books) at a point in time when the related events and sales have taken place. Fees collected in the current fiscal year for events to be held in future years are reflected as deferred revenue in the statement of financial position. The Association's contracts and resulting revenue are directly impacted by the participation at the Association's events and the demand for the type of merchandise the Association is selling. Contracts contain consideration terms based on known fees for the type of event and merchandise sold.

Receivables from contracts with customers are reported as accounts receivable in the accompanying statement of financial position. Contract liabilities are reported as deferred revenue in the accompanying statement of financial position. The beginning and ending balances for accounts receivables and deferred revenue were as follows for the year ended June 30, 2025:

	<u>July 1, 2024</u>	<u>June 30, 2025</u>
Accounts Receivable	<u>\$ 89,569</u>	<u>\$ 88,784</u>
Deferred Revenue	<u>\$ -</u>	<u>\$ 4,275</u>

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

1. Summary of Significant Accounting Policies (Continued)

L. Donated Assets and Services

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the organization. Volunteers also provide various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria have not been met.

M. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Costs are directly charged to the functions they benefit when possible. Certain costs have been allocated among the programs and supporting activities. Allocated expenses include wages and benefits, professional services, and printing and reproduction costs. Wages and benefits are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical, or are allocated based on number of employees per program. The costs of providing the various programs and other activities can be found in the statement of functional expenses.

The following program services are included in the accompanying financial statements:

Outreach – The Association collaborates with more than 30 partner organizations to present wetland programs that reach a diversity of audiences. From field trips for families to technical programs for wetland experts, the Association offers programs throughout Wisconsin for all audiences.

Advocacy – The Association focuses on promoting and upholding strong wetland policies and regulations, works to remove tax barriers to private wetland conservation, monitors permitting of wetland fills, and advises dozens of communities’ development projects to avoid and minimize wetland impacts. The Association also helps local governments implement wetlands as solutions to protect infrastructure such as roads, culverts, and dwellings from floods.

Program Development – The Association assists agencies, universities, local governments, tribes, and others further develop programs to protect and restore wetlands. This work also helps the Association’s partners understand how to insert wetland considerations into current programming.

N. Subsequent Events

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through January 23, 2026, the date the financial statements were available to be issued.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

2. Concentration of Credit Risk

The Association maintains cash balances and certificates of deposit at one financial institution located in Madison, Wisconsin. The balances are insured by the National Credit Union Association up to \$250,000 per financial institution. At June 30, 2025, the Association had \$531,577 in uninsured cash balances.

3. Operating Leases

The Association has entered into two leases under which the Association is the lessee. Specifically, the Association rents office space in Madison, Wisconsin and rents a copier machine. All leases have fixed rental payments. The copier machine lease expires June 2028 and the office lease expires October 2029. The office lease payments increase annually at 2.50% of the base rental amount. The Association has elected the practical expedient not to separate lease and nonlease components for all of leases noted above.

For the year ended June 30, 2025, the Association recognized operating lease costs of fixed rental expenses of \$42,208. Additionally, cash paid for amounts included in the measurement of the lease liabilities resulted in \$42,245 during the year ended June 30, 2025. These cash payments are reflected in operating activities on the statement of cash flows.

Future minimum lease payments are as follows for subsequent years ending June 30:

Year	
2026	\$ 43,240
2027	44,259
2028	45,305
2029	43,932
2030	14,949
	<u>\$ 191,685</u>
Less effect of discounting	<u>(25,228)</u>
Lease liability recognized	<u>\$ 166,457</u>

As of June 30, 2025, the weighted-average remaining lease term for all operating leases is 3.67 years. Since the Association does not have access to the rate implicit in the leases, the Association utilized its incremental borrowing rate as the discount rate. The weighted average discount rate as of June 30, 2025 is 6.50%.

The Association has elected the short-term exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on the straight-line basis.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

4. Net Assets

Net assets without donor restrictions at June 30, 2025 consisted of the following:

Designated for Kirk McVoy Wetlands Defense Fund	\$ 13,849
Undesignated	<u>775,603</u>
Net Assets Without Donor Restrictions	<u><u>\$ 789,452</u></u>

Net assets with donor restrictions at June 30, 2025 consisted of the following:

Purpose restrictions:	
Wetland restoration	<u>\$ 32,400</u>
Net Assets With Donor Restrictions	<u><u>\$ 32,400</u></u>

5. Retirement Plan

The Association offers a 401(k) retirement plan that covers all employees who have worked 1,000 hours in the first twelve months and who are 21 years and older. The Association contributes 3% of each employee's salary working more than 20 hours per week and will match dollar for dollar up to an additional 3% of their annual salaries. Employees are 100% vested in all contributions made on their behalf. Retirement expense was \$33,087 for the year ended June 30, 2025.

6. Endowment

In fiscal year 2014, the Association established a component endowment fund (the "Fund") at Madison Community Foundation ("MCF"). MCF, as a community trust, serves the mutual interest of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving.

Component funds of MCF are established by donors for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the fund. However, donors also grant MCF variance power that allows MCF to modify the donors' stipulations under certain circumstances as MCF monitors the changing needs of the community. Therefore, the Fund is not included in the Association's financial statements.

The amount available for annual distributions will range between 4-5% of the average value of the assets in the fund over the prior twelve quarters. This distribution policy is subject to change by the MCF Board of Governors. Additional distributions may be made if MCF concludes that such distributions will benefit the Association, advance their charitable and exempt purposes, and benefit the community. MCF maintains legal ownership of the fund. The funds will be pooled with the assets of other MCF component funds and invested with those assets. All other interest and appreciation is added to the Fund. The Association received distributions of \$14,116 from the Fund in the year ended June 30, 2025. The fair value of the Fund at June 30, 2025 was \$346,335.

WISCONSIN WETLANDS ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

7. Liquidity and Availability of Financial Assets

As part of the Association's liquidity management, the Association structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Association invests cash in excess of current needs in a money market account, which can be used for general expenditures when needed.

The following table reflects the Association's financial assets as of June 30, 2025, reduced by amounts not available for general expenditure within one year. Financial assets are not considered available when not liquid or not convertible into cash within one year.

	June 30, 2025
Cash	\$ 81,088
Certificates of Deposit	662,514
Governmental Agency Contract Receivables	<u>88,784</u>
Total financial assets	832,386
Less those unavailable for general expenditure within one year due to:	
Board designated Funds for Kirk McVoy Wetlands Defense Fund	(13,849)
Donor-imposed restrictions	<u>(32,400)</u>
Financial assets available to meet cash needs for expenditures within one year	<u><u>\$ 786,137</u></u>